

Item 13 - Appendix 6 - Todmorden Town Council Budget 2022/22
Notes to 3 year forecast

1. Budget Principles

- 1.1 Todmorden Town Council is required to set a "balanced budget" whereby estimated expenditure is matched by income generated from Precept related funds and or any other miscellaneous income, without potentially needing to draw on general reserves to meet funding gaps.
- 1.2 As part of that process it is recommended that a three - year forecast is undertaken in order to consider the impact of inflation and to take into account any annual changes that are forecast to take place.
- 1.3 Due account should also be taken of the nature of the Council's operations in terms of financial risk and the need to provide adequately from general reserves for unforeseen emergencies that could materially impact on such level of general reserves.
- 1.4 In addition, it is also prudent to consider establishing Earmarked Reserves where commitments are being made against the budget, whether current or future years.
- 1.5 The Principles that generally apply when establishing estimates are to be prudent and conservative in the approach, using wherever possible, past history to inform current delivery and realistic estimates for future growth/provision for changes in service delivery.

2. Todmorden Town Council Service Delivery considerations

- 2.1 Todmorden Town Council does not currently have responsibility for any direct front line services.
- 2.2 Its main focus historically has been on enabling and facilitating improvements for Todmorden Precept Payers by a combination of awarding of grants, principally to the voluntary sector, and contributing to wider based schemes as part of leveraging in more substantial funds for the benefit overall of Todmorden.
- 2.3 Potentially this focus may slightly change in the future as CMBC considers whether to seek transfer of some services towards some elements of direct responsibility. To meet this potential challenge the available financial resources were increased in 2020/21, but the impact of Covid 19 on our precept base, means that for 2021/22 we do not wish to increase the tax burden further for our residents at the present time.
- 2.4 However, the reality is that if some discrete elements of service are in the future considered for transfer from CMBC to Todmorden Town Council there will be a need to increase Precept.

3. Town Council Precept

- 3.1 The principal income source is that of Precept Council Tax charge against Todmorden Precept Payers based on their property banding valuation.
- 3.2 Central Government does not currently cap the percentage level that Town Councils can increase the Precept by, unlike at higher level authorities – typically 2.99% plus a social service increase of 3%
- 3.3 There were indications before the General Election, that this “loophole” for Town Councils will be closed in 2021/22 and Town Councils brought into line with higher authorities and at that stage capped also to 2.99%. This has not taken place.

4. Council Tax Support Grant and Parish Grant

- 4.1 In addition to the Precept Todmorden also receives the benefit of two other areas of an additional “grant” income – Council Tax Support Grant and Parish Grant.
- 4.2 Prior to 2013/14, Council Tax Benefit was paid to Local Authorities as if it were Council Tax income, so the Council Tax base was not reduced because of it. From 2013/14 onwards, Council Tax Reduction effectively lowers Calderdale’s and other preceptors’ Council Tax Bases resulting in a lower level of income being collected from Council Tax. Funding to replace some of this lost Council Tax is factored into Formula Grant from Government to the Council and the major preceptors (Police and Fire) with an element of grant relating to parishes included in the Council’s share of grant.
- 4.3 We have assumed the levels for 2021/22, 2022/23 and 2023/24 will remain as they are, **but the deteriorating financial circumstances of CMBC may lead to pressure on this**

Council Tax Support Grant	-	£23800
Parish Grant	-	£11691

5. Miscellaneous Income

Miscellaneous income is generated from interest receivable on investments, rental for Walsden Cricket Ground and a wayleaves payment from utility company.

Interest rates are so low that they are almost insignificant.

6. Reserves

- 6.1 We took significant steps in the financial year 2020/21 to address the issue of Reserves, including the adopting of a formal Reserves Policy.

- 6.2 We reviewed Earmarked Reserves and importantly agreed a minimum level of General Reserves (our contingency pot for emergencies) to be set at a level of £80,000.
- 6.3 That does not mean it will not be reduced, however decisions to increase budget provision are taken with the aim to maintain this minimum level in mind.
- 6.4 Because of Covid 19, budgets for the year 2020/21, especially related to Grant Funding, are unlikely to be spent. It is appropriate therefore to reduce the budget “in year” and accordingly take the opportunity to increase some elements of Earmarked Reserve as well as create new Earmarked Reserves for Festive lights replacement, Remembrance Parade, Climate Emergency and a Non Precept Grant Reserve to recognise concerns about removal of Council Tax Support Grant and Parish Grant.
- 6.5 Table of Reserves- assuming Members agreement to allocation of projected underspend

Description	Balance as of 4 th November 2020	Reserve movement proposals as of 4 th Nov	Proposed New balances as of 31 st March 2021	Forecast Reserves as of 31 st March 2022
Emergency Flood Repair	£20,000	Nil	£20,000	£20,000
Skate Park *	£10,000	-£5000	£5,000	£5,000
Full Elections	£5,000	Nil	£5,000	£10,000
Station Access	£25,000	Nil	£25,000	£25,000
IT Upgrade	£4,900	Nil	£4,900	£4,900
Community Development	£50,000	£10,000	£60,000	£79,750
Festive Lights Replacement	Nil	£7,500	£7,500	£15,000
Remembrance Parade	Nil	£2,500	£2,500	£2,500
Non precept Grant Reserve	Nil	£17,745	£17,745	Nil
Budget Phasing	Nil	£7,268	£7,268	Nil
Covid 19 Assistance	Nil	£5,000	£5,000	Nil
Total	£114,900	£45,013	£159,913	£162,150

Expenditure – General Comments

- 6.6 The budget for 2021/22 continues to recognise through the use of the Community Development Reserve the need to build up this reserve in that: -
- there remains uncertainty towards the potential of some element of direct service delivery transfer from CMBC service delivery.

- there potentially is a need to provide funds by way of matched contribution that would enable higher levels of investment to be attracted to Todmorden from other external sources.
- The potential for substantial investment to be levered into Todmorden through the Town Deals Fund may present an unforeseen opportunity for Todmorden Town Council to deliver new element(s) of activity.

6.7 In establishing budgets for specific purposes, if at the end of each financial year these are not called upon, then consideration will be given to putting into Earmarked Reserves. This will help build up a pot of funds that can specifically be used then for either projects on assets that we own, or for leveraging in higher levels of investment into Todmorden that directly benefit Todmorden residents.

6.8 As part of its focus on enabling and facilitating improvement at local level, Todmorden Town Council has for many years adopted a policy to assist local voluntary based organisations through active involvement in the awarding of grants – such levels of award are now determined by our Discretionary Grants Policy and provides a means by which our overall commitment to Grant Awards is also informed by our General Reserves Policy.

6.9 Guidance is that Precept should not be increased just to provide a buffer of funds held back in case of need that is unreasonable – governed by our General Reserves Policy. Consideration should be given each year to whether the same level of Precept is required. Where need reduces, the option is available to reduce the Precept.

6.11 The budget set for 2021/22, and the overall three - year forecast, recognises this in terms of being drawn up to reflect known commitments, anticipated commitments going forward and adherence to the Proposed Reserves Policy in respect of General Reserve levels to be maintained.

7. Expenditure – Specific Changes

7.1 The nature of budget provision forecast for the next three years reflects a number of changes. Because these are new and or amended approaches, key changes are commented on below.

- Staffing

We have three staff, equivalent in time to 2.4 FTE. The nature of such a small team is that knowledge tends to be job specific. In the current establishment, the Town Clerk has previous extensive Local Authority and Town Council experience, with both other Officers now gaining their own level of knowledge.

A restructure agreed in October 2020 will not only start to spread knowledge further but also improve resilience through the addition of the Responsible Financial Officer role to that of the Assistant Town Clerk, effective from April 2021. At that stage, the Town Clerks hours will reduce to offset the cost of this.

- Proposals made in last year's budget will need to be carried forward.

Members have expressed a wish to improve facilities at Lobb Mill Picnic Site and accordingly a provision of £5000 has been continued

Tree Maintenance in terms of survey and possible remedial action has been identified at an estimated cost of £1000. The survey is required as part of our Health and Safety approach and to ensure compliance with insurers requirements.

The Wheels Park project is in the course of being taken forward. Accelerator Funding has been agreed subject to conditions, at a total project cost of £155,000. An award of £150,000 has been made and therefore there will be a need to draw on the Earmarked Reserve to the extent of £5,000.

However, to get the project to the stage of being able to meet the conditions of funding, initially the Earmarked Reserve of £10,00 will be used in full pending then realignment on receipt of funds and placing of the construction contract.

- Community Development

In the budget for 2020/21 we made provision for £50,000 and this was transferred to an Earmarked Reserve.

The Town Council wishes to continue to build up this Reserve to enable future levering in of funds and or enabling some specific projects that may benefit Todmorden.

Given other pressures on budgets and the wish for Members to deliver a nil increase in precept charge to ratepayers, the amount provided for in the 2021/22 budget has been reduced to an amount of £19,750.

- Festive Decorations

The Town Council has successfully bid for Accelerator Funds and its entire Festive Lights Display replenished. The Town Council was fortunate in levering in Capital Funds but there is no guarantee of this in the future. The estimated life of the displays is eight years and therefore it is intended to make revenue provision in the budget in an amount of £7,500. Over eight year an amount of £60,000 is felt to be sufficient.

There may also be a need to introduce other Festival Light displays outside of the usual Christmas period, so an allowance has been made in 2021/22 for this purpose.

- Grants

The adoption of the Discretionary Grants Policy will enable a fairer distribution of funds. For 2021/22 we have assumed that a historic level of applications will be made. We will not know the impact of Covid 19 on future grants provision and we may again be faced with significant underspend in 2021/22.

Members were however keen to keep good levels of support in place to ensure we can positively respond, should we see relaxation of Covid 19 restrictions and resumption of community activity requiring grant funding assistance.

Major Grants made in respect of PCSO's £36,439 and Tourist Information Centre £19,000, are not included in this comparison as are outside of normal grant aiding activity and represent specific longer term commitment in place as opposed to periodic grant applications at lower levels.

For comparison purposes the following table summarises our involvement Grants over the last three years

	2016/17	2017/18	2018/19	2019/20 est outturn	2022/22 forecast
Total Grants awarded (including Mayors Discretionary)	£28787	£38666	£52892	£25,000	£52,000

- Climate Emergency

Whilst the work of this Committee has been delayed ,it is many ways is still in its formative stages and deciding upon future direction and spend, it is prudent to continue a substantial budget to enable it to develop a more ambitious agenda of activity.

- Patmos Gardens – War Memorial

The Town Council owns Patmos Gardens and by definition is responsible for the appearance, repair, and maintenance of the Memorial to those Patmos residents who lost their lives in the first and second world wars.

It has been brought to our attention that significant maintenance work may be necessary, and it is proposed to review this in spring next year. This may also be part of a significant bid for funding and prudent therefore at this stage to include in the revenue budget in an amount of £7,500.

- Todmorden in Bloom

The Town Council has historically assisted Todmorden in Bloom (TIB) through specific grant provision and this is likely to continue.

Apart from the main Town Centre Floral Displays, TIB often carries out work in other areas of the Town and that also included work on Patmos Gardens that sim additional to the outsourced contacts we have in place.

One of the aims last year was not achieved owing to Covid 19 interruption. Further investigation is still needed to determine the effectiveness of spend in relation to Environmental Projects and to consider whether such services may be more effective and economically beneficial to be delivered by direct employment. This may possibly as part of future considerations in terms of

potential staffing requirement, should the Town Council have in the future a more active involvement as property manager/owner.

In the meantime, the Town Clerk would wish to investigate the options of formally using TIB to carry out additional works and has therefore made provision in an amount of £2500. This would be the subject of a formal agreement being entered into.

- Benches

The review of our asset register indicates ownership of substantial number of benches and some provision needs to be made to repair/maintain - £1000

- Mobile Phones

Staff are likely to need to continue to work from home and rely on mobile phone access. Minimal contracts at around £15 per month are envisaged.

- Neighbourhood Plan

This has been in preparation for over 5 years and as the local plan nears completion there may be a need to undertake additional work that may not be covered by Locality Grants.

8. Future Budget Issues

8.1 At this stage of preparation of budgets for 2021/22, there may still be areas of budget spend that may arrive between now and year end that may not have been considered as part of this process, but it is not anticipated that these would be of major consequence.

8.2 Two major longer-term grants for PCSO's £36,439 and Tourist Information Centre of £19,000 will be subject to annual review in the future to assess their benefit.

9. Risk of Forecast budget being sufficient to meet future needs.

9.1 Todmorden Town Council does not currently carry great financial risk because of the nature of its enabling delivery.

9.2 Any movement into direct property ownership of substantive nature e.g. The Town Hall would carry greater financial risk and that stage a full risk profile would need to be considered

9.3 In the meantime its budget includes a number of discretionary budgets principally linked to the awarding of grants with overall, including the larger longer term grants, a total of £52,000 that could in future years be trimmed back if Members wished to direct into other priorities.

9.4 The Main risk continues to be an overspend on these discretionary awards as well as over commitment to assist with non-council owned assets/schemes. Compliance with the proposed General Reserves Policy should provide some

measure of internal control for Members to follow and not over commit the Council.

10. Three Year Budget Forecast

	Budget Required 2020	Comments	2021	2022
Staffing Matters				
Staff Training	£1750	MS office * 2 = £600 First aid at work * 2 £350- YLCA courses and misc £800	£250	£250
Staff travel	£500	Attendance at CiLCA courses	£250	£250
Staff Recruitment	£500	Not expected but contingency	£500	£500
Employees				
Salaries	£51,613	Assumes 3% annual increase and at full scale	£53161	£54756
Consultancy	£250	Allowance made for any specialist consultancy required	£250	£250
Overtime	£500	Allowance made for some peak cover	£500	£500
Admin Agency	£500	Allowance made in case of need	£500	£500
Employers NI/NI/PAYE	£19030	Based on 2020 ENI thresholds	£19601	£20189
Home working allowance	£1000	Contribution to staff costs of remote working – based on HMRC allowance	£1030	£1061
Pensions	£1255	Based on 3% employers contribution	£1293	£1331
Administration				
Subscription	£1750	NALC/YLCA annual subscription	£1803	£1857
Stationery	£750	General office requirements	£773	£796
Advertising	£500	Publication of Mayor Making Day and Misc	£515	£530
Postage	£500	Cost of sending papers to Member plus general office	£515	£530
Mobile Phones	£600	Staff Mobile provision	£618	£637
Printing/Photocopier	£750	Costs of printing and photocopying	£773	£796
Communications	£400	Telephone lines – expected to reduce if move to Town Hall	£412	£424
Office & IT Equipment	£600	Expected to, reduce if move to town hall – Earmarked reserve in case of unforeseen spend.	£618	£637
Computer software and support	£2785	Licences for accountancy and IT support Estimate	£2869	£2955
Audit	£2,000	Internal and External Audit – est to allow for increase owing to increasing budget	£2060	£2122
External Accountancy support	£750	External support year end close down of accounts and payroll provider	£735	£798
Books and Publications	£250	CiLCA reference books and MS Office guides	£258	£265
Insurance	£2200	Annual Insurance premium	£2266	£2334
Other admin fees	£150	Allowance for unknown additional fees	£155	£159

Members travel and Expenses	£250	For external meetings attendance by Members	£258	£265
Town Hall Hire	£400	Hire of Town Hall for additional Committee meetings- may reduce if remote meetings continue for non-full Council meetings	£412	£424
Election Expenses	£5000	Contingency within year if one ward requires by election	£5000	£5000
Corporate image	£1000	To further add to web site including social media presence	£500	£500
HR Support	£1500	External HR support	£1500	£1500
Miscellaneous Contingency	£1000	Administration contingency	£100	£100
Mayor's Office				
Mayors Allowance	£2000	Allowance for discretionary spend in carrying out duties	£2000	£2000
Discretionary Grants	£2000	Educational Support Grants	£2000	£2000
Mayors transport	£750	Taxi/travel costs for Mayor	£750	£750
Mayors invite cost	£200	To meet attendance cost at other events e.g Yorkshire Day	£200	£200
Mayors day	£3500	Provision of Food/Drinks etc re Mayor Making	£3500	£3500
Town Centre Security				
Town Centre Security	£36,439	Contribution of 50% towards two PCSO's based on annual increase c5%	£38,261	£39,274
Property				
Land sites	£500	Allowance for minor repairs	£500	£500
Benches	£1000	Allowance for repairs/maintenance	£1000	£1000
Lobb Mill	£5000	Allowance for upgrading site	£500	£500
Community Development	£19000	To provide for combination of contribution/ future proposals	£19000	£19000
Todmorden In Bloom	£2500	Additionality of land mtce.	£2500	£2500
War Memorial	£7,500	Provision for major repairs	£500	£500
Patmos Gardens	£500	Allowance for unplanned works	£515	£530
Wheels Park	£1500	Allowance assumes take on of some elements of operational responsibility	£1500	£1500
Tree Maintenance	£1000	Annual Tree Inspection	£1030	£1061
Vale Baptist Land	£500	Allowance for unplanned works	£500	£500
Amenities				
Donations and Grants (137)	£20000	General Grants	£20000	£20000
TH Hire Refund Grants	£8000	Town Hall Hire Grants	£8000	£8000

Events Contribution	£11000	Grants to fund Todmorden Town Centre based Events	£11000	£11000
Tourism	£19000	Contribution to Tourist Information Centre	£19000	£19000
Publicity	£500	Allowance to increase profile of TTC through paid for use of social media.	£515	£530
Festive Celebrations	£5000	Contingency	£5000	£5000
Festive Celebrations Infrastructure- CMBC	£4000	Provision for further infrastructure need	£4,120	£4244
Festive Celebration 8 year contract	£2100	Ongoing storage and repair	£2100	£2100
Festive Celebration additional Cornhole Infrastructure	£1750	Cornholme – 5 columns with new power fitting for displays	£0	£0
Festive Celebration-replacement provision	£7500	Provision into Earmarked Reserves for replacement in year 9	£7500	£7500
Events	£2000	Christmas Event	£2500	£2500
Entertainment Arts and Recreation	£11000	Entertainment and Arts related Grants	£11000	£11000
Environment Projects	£11600	Covers costs of Grounds maintenance for Patmos, Vale Baptist and Lobb Mill	£11600	£11600
Miscellaneous Contingency	£2000	Contingency	£2000	£2000
Development				
Subscriptions	£200	Subscriptions to external bodies	£200	£200
Neighbourhood Plan	£5000	Contingency for possible additional finalisation of plan costs.	£0	£0
Miscellaneous /Contingency	£250	Contingency	£500	£500
Climate Emergency				
Publicity	£2000	To produce materials for publicising	£2000	£2000
Room hire	£500	To hold external meetings	£500	£500
Special projects	£3500	As required by the group	£3500	£3500
Admin Support	£2000	To cover additional admin support	£2000	£2000
External support	£2000	To allow for speakers and for external advice	£2000	£2000
TOTAL EXP	£303729		£290673	294981
TOTAL INCOME	-£296461		-£296461	-£296461
NET EXP	£7268		-£5788	-£1480

The net impact over 3 years is that our budget is covered. In order to cover off the year one shortfall, a “Budget Phasing” Earmarked Reserve of £7,268 will be created.